STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DE 16-277

LIBERTY UTILITIES (GRANITE STATE ELECTRIC) CORP.
d/b/a LIBERTY UTILITIES

Calendar Year 2015 Reliability Enhancement and Vegetation
Management Plan Results and Reconciliation

Order Suspending Tariff and Scheduling Hearing

O R D E R   N O.   25,876

March 31, 2016

This Order suspends Liberty's tariff, proposed for effect on May 1, 2016, for the recovery

of its expenses for reliability enhancement and vegetation management programs for 2015. The

Order also schedules a hearing on April 20, 2016, at 1:30 p.m.

On March 15, 2016, Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

("Liberty") filed the results of its reliability enhancement plan ("REP") and vegetation

management plan ("VMP") for calendar year 2015. With its report, Liberty also filed proposed

tariff pages with supporting testimony and related exhibits. The filing was made pursuant to the

requirements of a settlement agreement that was approved by the Commission in Order

No. 25,638 (March 17, 2014). The settlement agreement provides that, on an annual basis, prior

to the commencement of a calendar year, Liberty will supply a proposed REP and VMP

operation and maintenance ("O&M") budget to Commission Staff that assumes spending for the

next calendar year. The settlement agreement sets the annual base amount of $1,360,000 in rates

for REP/VMP O&M, but Liberty may spend more or less on O&M in any calendar year, and

reconcile any differences in the subsequent calendar year when it files the REP/VMP annual

report, subject to Commission approval.

The current filing contains (1) a report on the actual spending on REP/VMP O&M and REP capital investment for 2015, including explanations of the differences between the actual amounts and the budgeted amounts reviewed by Commission Staff, (2) a request to recover from customers $346,184, the incremental O&M spending over the base amount of $1,360,000, for program years 2014 and 2015, (3) a request to recover $279,097 of revenue associated with a total of $1,321,456 in capital investments for program years 2014 and 2015, and (4) a summary of reliability performance for calendar year 2015.

Liberty asserts that the proposed 2015 O&M budgets include $288,115 that Liberty would bill to FairPoint pursuant to a September 30, 2007, memorandum of understanding ("MOU") between the two companies. As of the date of the filing, FairPoint had not paid Liberty for sums owed for 2015, 2014, or 2013. Liberty says that it is pursuing payment from FairPoint consistent with the process set forth in the MOU. Liberty excludes the amounts owed by FairPoint from the amount it is requesting to be recovered through rates. Based on its calculation, Liberty proposes an increase to the REP/VMP adjustment factor, from a credit of $0.00017 cents per kilowatt hour (kWh) to a charge of $0.00032 cents per kWh. The primary reason for the change is increased spending on vegetation management.

In addition to the REP/VMP adjustment factor change, Liberty is requesting the recovery of the revenue requirement of $279,097 associated with capital investment of $1,321,456. As a result of the changes proposed in this filing, a residential customer using 650 kWh per month, the average residential customer usage for 2015, would see an increase of $0.62 cents per month. The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, will be posted to the Commission's website at http://www.puc.nh.gov/Regulatory/Docketbk/2016/16-277.html.

The filing raises, <u>inter alia</u>, issues related to whether Liberty has appropriately accounted for the costs of its REP and VMP and whether the resulting rates are just and reasonable as required by RSA 378:5 and 378:7. Each party has the right to have an attorney represent the party at the party's own expense.

Based upon the foregoing, it is hereby

ORDERED, that pursuant to RSA 378:6, I(b), the Commission hereby suspends Liberty's proposed tariff to allow the filing to be investigated; and it is

FURTHER ORDERED, that a Hearing, pursuant to N.H. Code Admin. Rules Puc 203.12, be held before the Commission located at 21 South Fruit St,. Suite 10, Concord, New Hampshire on April 20, 2016 at 1:30 p.m.; and it is

FURTHER ORDERED, that pursuant to N.H. Code Admin. Rules Puc 203.12, Liberty shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than April 8, 2016, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before April 15, 2016; and it is

FURTHER ORDERED, that consistent with N.H. Code Admin. Rules Puc 203.17 and Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to Liberty and the Office of the Consumer Advocate on or before April 15, 2016, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Code Admin. Rule Puc 203.17 and RSA 541-A:32, I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said

Objection on or before April 20, 2016.

By order of the Public Utilities Commission of New Hampshire this thirty-first day of

March, 2016.
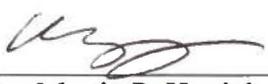
Martin P. Honigberg
Chairman

Robert R. Scott
Commissioner
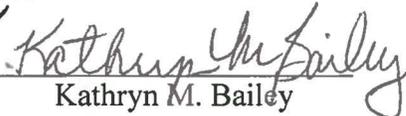
Kathryn M. Bailey
Commissioner

Attested by:
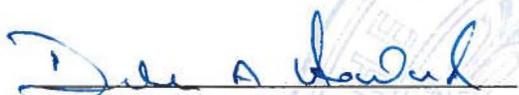
Debra A. Howland
Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.